Northern Illinois Gas Company d/b/a Nicor Gas Company Response to: Illinois Attorney General Ill.C.C. Docket No. 08-0363 AG Second Set of Data Requests

- AG 2.22(DJE) Q. Referring to Schedule C-4, please explain the reasons for the increases in expenses charged to the following accounts in from 2007 to 2008 and from 2008 to 2009:
 - a. Account 870 Operation Supervision and Engineering
 - b. Account 874 Mains and Services Expense
 - c. Account 903 Customer Records and Collection Expenses
 - d. Account 920 Administrative and General Salaries
 - e. Account 921 Office Supplies and Expenses
- AG 2.22(DJE) A.
- a. See attached Exhibit 1, line 1.
- b. See attached Exhibit 1, line 2.
- c. See attached Exhibit 1, line 3.
- d. See attached Exhibit 1, line 4.
- e. See attached Exhibit 1, line 5.

Witness: James M. Gorenz

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DOCKET NO. 08 0363

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Dote 11/18/08 Reporter AMS

Northern Illinois Gas Company d'b/a Nicor Gas Company Response to: Illinois Commerce Commission III.C.C Docket No. 08-0363 AG Second Set of Data Requests (\$000)

Line No.	Actual 2007	Budget 2008	2008 v 2007 Variance	2008 v 2007 Explanation	Budget 2009	2009 v 2008 Variance	2009 v 2008 % Explanation
1 prime87000 Operalion Supervision and Engineering	5,521	8,412	2,891	\$2% Primarily due to Geographic Information System (GIS) data conversion faprox. \$1.1M}, Business System Support Projects management increase in staffing due to increased workload (approx. \$571k) and Fleld Operations Administration increase in staffing due to increased workload (approx. \$549k).	9,715	1,303	15% Primarily due to Geographic Information System (GIS) data conversion (approx., \$632k), Business System Support, Projects management increase in staffing due to increased workload (approx., \$318k) and Environmental Services increase in staffing due to increased workload (approx. \$157k).
2 prime87400 Mains and Services Expenses	18.612	21.795	3,183	17% Primarily due to Field Operations Construction reclassification of payroll and contractor costs from direct capital to indirect capitalized overhead (approx. \$2.1M), Locating contractor costs (approx. \$601k), Field Operations and System Operations labor (approx. \$404k) and training (approx. \$77k).	23,768	1,973	9% Primarity due to Leak Survey and Łocating contractor costs {approx. \$664k}, Fleid Operations and System Operations training {approx. \$366k} and labor {approx. \$245k}, Field Operations Construction management payrol {approx. \$336k} and Locating Quality Assurance increase in staffing due to increased workload {approx. \$94k}.
3 prime90300 Customer Records and Collection Expenses	30,061	34,016	3,955	13% Primarily due to postage for Bill Every Customer Every Month (BECEM) project (approx. \$1.4M) (see Company direct testimony Exhibit 6, lines 18 1 to 191 for further details), staffing due to increased workload (approx. \$885k), contractor costs due to Call Center unit cost increase (approx. \$8465k) and vehicle fuel cost (approx. \$465k).	37,647	3,631	11% Primarily staffing due to increased Customer Care workload (approx. \$1.0M), postage due to rate increase (approx. \$567K), contractor costs due to Call Center unit cost increase (approx. \$591K) and vehicle fuel cost (approx. \$215K).
4 prime92000 Administrative and General Salaries	36,962	41,105	4,143	11% Primarily staffing due to increased workload (approx. \$3.4M (\$574k is offset in prime 922)) and the Performance Reward Plan (approx. \$326k).	45,102	3,997	10% Primarily staffing due to increased workload (approx. \$1.7M) and the Performance Reward Plan (approx. \$1.7M).
5 prime92100 Office Supplies and Expenses	20,900	25,202	4,302	21% Primerily due to Consolidated Pool charges (approx. \$2.0M), software and hardware maintenance fees (approx. \$652k), training and development costs (approx. \$473k), BECEM and half in design costs (approx. \$280k) and software expense (approx. \$210k).	26,315	1,113	4%. Primarily solfware and hardware maintenance fees (approx. \$316k) and Consolidated Pool charges (approx. \$286k).